

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, Council Member District No. 6

A **meeting** of the **Committee on Finance**, Standing Committee of Berkeley County Council, was held on Monday, **July 27, 2009**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 6:15 p.m.

PRESENT: Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Phillip Farley, Council District No. 1; Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Robert O. Call, Jr., Council District No. 3; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Caldwell Pinckney, Jr., Council District No. 7; Committee Member Steve C. Davis, Council District No. 8; County Supervisor Daniel W. Davis, ex officio; Mrs. Nicole Scott Ewing, County Attorney; and Ms. Barbara B. Austin, Clerk of County Council.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

During periods of discussion and/or presentations, minutes are typically condensed and paraphrased.

Chairman Schurlknight called the meeting to order.

APPROVAL OF MINUTES

Chairman Schurlknight asked for approval of minutes from meetings of the Committee on Finance held June 8, 2009, June 22, 2009 and June 29, 2009.

It was moved by Committee Member Pinckney and seconded by Committee Member Callanan to **approve** the **minutes** as presented. The motion passed by unanimous voice vote of the Committee.

EXECUTIVE SESSION

It was moved by Council Member Callanan and seconded by Council Member Cathy Davis to **enter** into **Executive Session** to discuss matters relating to the proposed location, expansion, or provision of services encouraging location or expansion of industries or other businesses in the area served by the County; or discussions of negotiations incident to proposed contractual arrangements and proposed sale or purchase of property; the receipt of legal advice, where the legal advice relates to a pending, threatened or potential claim; or other matters covered by the attorney/client privilege; settlement of legal claim or the position of the County in other adversary situations

involving the assertion against the County of a claim. The motion passed by unanimous voice vote of Council.

The Committee entered into Executive Session at 6:17 p.m., and returned to Committee Session at 7:28 p.m.

Mrs. Nicole Scott Ewing, County Attorney, reported that the Committee entered into Executive Session for reasons stated in the motion, and no formal action was taken.

A. Consideration of the following:

1. Resolution establishing certain measures to **cut costs** and **reduce expenditures**.

Committee Member Callanan requested more information with regard to this proposed resolution.

Mrs. Ewing stated this proposed resolution to be the same, basically, as one adopted by Council late last year, which set forth three furlough days and other cost saving measures (i.e., to freeze the hiring of positions not considered critical; limit to travel, etc.). This year, the proposal for furlough days would be one floating furlough day to be taken between adoption of the budget through the end of this year. President's Day and Confederate Memorial Day would be proposed to match with the SC State system.

Committee Member Callanan questioned if the freeze in hiring and not backfilling positions did, in fact, apply to Elected Officials under contract with the County.

Mrs. Ewing responded that Elected Officials were bound by the contract to follow all resolutions, policies and procedures adopted by Council. Mrs. Ewing stated that Mrs. Leonitta Turner, Human Resource Director, had developed a criterion to determine whether or not a position was critical. Elected Officials would be expected to work with Ms. Turner in determining whether or not a position needed to be refilled.

Committee Member Steve Davis stated that he was in favor of cutting costs, but recommended that an exception be made, specifically, for EMS (Emergency Medical Services) and Sheriff Deputies with regard to the furlough days.

Ms. Kace Smith, Finance Director, responded that the Sheriff would be under a contractual relationship with County Council upon adoption of the budget. Sheriff Wayne DeWitt had a budget with allocations funded for 2009-2010; therefore, he had been given funds to cover salaries for the entire year. If Council decided to grant an exception for the Deputies, it would have no impact on the overall County budget.

Committee Member Steve Davis stated for the record that his recommendation was not what the Sheriff had requested of him. Committee Member Steve Davis stated that some Deputies had spoken to him with regard to a hardship being created.

Dorchester and Charleston Counties made an exception for Deputies. With Berkeley being a neighboring county, Committee Member Steve Davis was very much concerned as to why consideration had not been given to this County's emergency personnel in a similar situation.

Supervisor Daniel Davis stated that he had conversations with the Sheriff, and no consideration had been given with regard to Committee Member Steve Davis' recommendation this night, because the Sheriff did not request same.

Committee Member Steve Davis stated that he came in contact with a lot of the Deputies on a constant basis, and he had received feedback from them. When neighboring county officers are given an exemption, then Berkeley County should afford the same exemption. Committee Member Steve Davis stated that he had given his word that he would make a motion to amend this proposed resolution to include a clause which would exempt Deputies from taking furlough days. Whether it prevailed or not would be another matter.

Main Motion:

It was moved by Committee Member Steve Davis and seconded by Committee Member Pinckney to **approve** consideration of a **resolution** establishing certain measures to **cut costs** and **reduce expenditures**.

Committee Member Callanan questioned how this motion would affect other Elected Officials' contracts.

Ms. Smith responded that it would not affect other contracts.

Committee Member Farley questioned if, at this time, Elected Officials had enough funds in their budgets to cover the salaries.

Ms. Smith responded that Elected Officials did have enough funds in their budgets.

Supervisor Daniel Davis stated that Committee Member Steve Davis' recommendation to include EMS in the exemption of furlough days would have an impact on the budget.

Ms. Smith stated that it appeared there could be an approximate \$50,000 - \$60,000 impact. This was only an estimate, and it was difficult to state what type impact it would have for the entire fiscal year. With the cost saving resolution, it was possible to realize those savings in other ways.

Committee Member Pinckney asked if any EMS employees had approached Committee Member Steve Davis with regard to the furlough days.

Committee Member Steve Davis responded that he had not been contacted by any EMS employees.

Committee Member Pinckney stated his concern that the County budget would be affected by the inclusion of EMS for exemption of the furlough days. Committee Member Pinckney recommended that EMS be removed for consideration of the exemption.

Mrs. Ewing asked Committee Member Steve Davis to clarify those included when using the term "Deputies" (i.e., employees paid on cycle, all Sheriff employees).

Committee Member Steve Davis questioned who was affected by the furlough days at this time.

Mrs. Ewing responded all employees (Administrative Staff, Deputies).

Committee Member Steve Davis stated that he wanted the exemption to be limited only to the Sheriff's Deputies.

Amendment by Addition to Main Motion:

It was moved by Committee Member Steve Davis and seconded by Committee Member Pinckney to **amend the resolution**, by addition, to **exempt Sheriff Deputies** from taking three (3) furlough days. The motion passed by majority voice vote of the Committee. Committee Member Farley voted, "Nay."

Amended Motion Now Becomes Main Motion:

It was moved by Committee Member Callanan and seconded by Committee Member Steve Davis to **approve** consideration of a **resolution** establishing certain measures to **cut costs** and **reduce expenditures** and to exempt Sheriff Deputies from taking three (3) furlough days. The motion passed by unanimous voice vote of the Committee.

2. Resolution amending Resolution No. 08-09, providing for the distribution of certain **fees-in-lieu of property taxes** received from industries located in the Mount Holly Commerce Park.

It was moved by Committee Member Steve Davis and seconded by Committee Member Callanan to **approve** consideration of a **resolution** amending **Resolution No. 08-09** to provide for the distribution of certain **fees-in-lieu of property taxes** received from industries located in the Mount Holly Commerce Park. The motion passed by unanimous voice vote of the Committee.

Without objection, Chairman Schurlknight asked for the Committee's **consideration** prior to **First Reading** of an **ordinance** authorizing the execution and

delivery of a **second amendment to fee agreement** between Berkeley County, South Carolina, and **RG-MWV, LLC**; and matters relating thereto.

It was moved by Committee Member Steve Davis and seconded by Committee Member Callanan to **approve** consideration, prior to **First Reading**, of an ordinance authorizing the execution and delivery of a **second amendment to fee agreement** between Berkeley County and **RG-MWV, LLC**. The motion passed by unanimous voice vote of the Committee.

B. Consideration prior to **First Reading** of an ordinance to **amend** Ordinance No. 09-06-31, providing for the fiscal year beginning July 1, 2009 and ending June 30, 2010 for the **Sangaree Special Tax District Operational Budget**; and to provide for the expenditures of the revenues received by the Sangaree Special Tax District during the fiscal year.

It was moved by Committee Member Cathy Davis and seconded by Committee Member Steve Davis to **approve** consideration, prior to **First Reading**, of an ordinance to **amend** Ordinance No. 09-06-31, providing for the fiscal year beginning July 1, 2009 and ending June 30, 2010 for the **Sangaree Special Tax District Operational Budget**. The motion passed by unanimous voice vote of the Committee.

C. Review prior to **Third Reading** of the following:

1. Bill No. 09-19, an **ordinance** providing for the fiscal year beginning **July 1, 2009 and ending June 30, 2010** for the **Tall Pines Special Tax District** operational budget; and to provide for the expenditures of the revenues received by the Tall Pines Special Tax District during the fiscal year.

It was moved by Committee Member Fish and seconded by Committee Member Callanan to **approve** review, prior to **Third Reading**, of **Bill No. 09-19**. The motion passed by unanimous voice vote of the Committee.

2. Bill No. 09-21, an **ordinance** providing appropriations for the fiscal year beginning **July 1, 2009 and ending June 30, 2010** for **Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all County purposes; to provide for the expenditures of said taxes and other revenues coming into the County for the fiscal year.

It was moved by Committee Member Steve Davis and seconded by Committee Member Pinckney to **approve** review, prior to **Third Reading**, of **Bill No. 09-21**.

Committee Member Fish stated that citizens had received assessment notices, and there was some confusion. The last assessment was in 2005, and most peoples' assessment notices reflected an increase in property value of 15 percent. Committee Member Fish questioned the amount of revenue which would be generated and what the rollback on taxes would be.

Ms. Smith responded that the revenue related to the rollback would be the same revenue as was had in fiscal year 2008-2009. The County would gain nothing from the rollback of the millage.

Committee Member Fish questioned the exact millage that would be assigned.

Ms. Smith responded that the rollback millage would be \$606,000.

Committee Member Farley questioned if that was for each mill.

Ms. Smith responded that it would be for each mill for the rollback millage.

Committee Member Steve Davis questioned if there were any tax increases in the budget, with the exception of reassessment.

Ms. Smith responded that there would be no mill increase.

Committee Member Steve Davis questioned if there would be a tax increase.

Committee Member Callanan responded that it would depend.

Committee Member Steve Davis asked if County Council would not be voting to adopt a budget based on tax increases.

Ms. Smith stated that to be correct.

Committee Member Steve Davis stated that reassessment was something mandated by Columbia, which Berkeley County had no control over. The law states that there must be a reassessment of property every five years.

Ms. Smith stated that to be correct.

Committee Member Call asked for an explanation as to how an individual's property value could go up without a tax increase.

Mr. Wilson Baggett, Deputy Assessor, responded that as the law read, in a reassessment year, taxes would be reapportioned. It would not be a windfall, but rather a redistribution of the same tax covered by a millage rollback statute within the law. It would depend on how high an individual's property value increased. If it increased 15 percent, and the mills were rolled back by entities involved (such as living in the City of Hanahan), the individual would not only have County and School Board taxes, but the individual would also be faced with City tax millage, which is added together. It would depend on the County, School Board and City (if any) taxes. Values could have gone up, but if the mills are rolled back, property taxes could actually decrease. There is a value and a millage.

Committee Member Steve Davis stated that the assessment was confusing to him with regard to the new assessment.

Mr. Baggett responded that in a reassessment year, the old numbers are void, so they are no longer applicable.

Committee Member Steve Davis questioned if the taxpayers should be shown what the assessment used to be.

Mr. Baggett stated that if an individual owned his home for more than two years, it probably had a cap value. Understanding the Act passed in 2006, the County was limited to a 15 percent increase over last year's value.

Mr. Baggett continued and stated that an individual would have two values on a vehicle, those being a market and then a cap. If a cap value showed up on the card then that would be an individual's taxable value. The market value would be shown on the left side of the card, cap would be in the center, and rates would be reflected on the right side of the card. If there is a cap value in the center, that would be your taxable value for 2009.

Committee Member Callanan stated that some individuals reached the 15 percent cap, and the County cannot go any higher than that.

Mr. Baggett stated that to be correct.

Committee Member Callanan stated that if an individual purchased a house three years ago, that individual could actually see his/her valuations decrease.

Mr. Baggett responded that it could be possible.

Committee Member Callanan questioned if an individual had the 15 percent cap, would it not be a sure thing that his/her property taxes would increase, because the average would be below that 15 percent.

Mr. Baggett responded that reassessments were not designed in that way. It would be a redistribution of a tax, not a creation of the tax. If all properties increased 15 percent on average, and the mills were reduced on average, then property taxes should remain the same.

Committee Member Callanan stated that was not what happened. On average, it would be below 15 percent. If a property is capped out at 15 percent, and the average is below that, then an individual would be paying more in property taxes.

Mr. Baggett responded that to be correct, probably.

Committee Member Callanan stated, "That was the point I wanted to bring out. Anyone capped out at 15 percent, your property tax is going up, but there is someone out there who's going to be paying less."

Mr. Baggett responded that it really depended on the mills. It depended on how the mills worked. An individual's value could go up 20 times, and if the mills were rolled back, that individual could actually pay less in taxes. It really depended on how the mills "wash out".

Committee Member Callanan stated that citizens just wanted to know, get an idea. Committee Member Callanan questioned if there was a millage set yet.

Ms. Smith responded that operations would be 46 mills, and four (4) mills for bonds.

Committee Member Callanan questioned what the millage rate was for last year.

Ms. Smith responded that last year's millage rate was 47 mills for operations, and four (4) mills for bonds; total millage was 51.

Committee Member Callanan stated that it would lead him to believe that the average increase in reassessed value would be two (2) percent over five years. If the millage rate was being rolled back by one (1) mill, then, on average, Countywide property valuations increased by two (2) percent.

Mr. Baggett responded that to be correct.

Committee Member Fish stated that property owners just received their reassessments this week. Tax bills would not be mailed out until November. There was a 90-day appeal period for reassessments. The assessed value would not mean a lot until the property owner saw the mill assessed and looked at the bottom line, and asked, "Did my taxes go up over last year?"

Mr. Baggett responded that to be correct.

Committee Member Fish stated that was where the problem was. Committee Member Fish questioned if a 90-day appeal period was adequate.

Mr. Baggett stated that 90 days was the amount of time allowed by state statute for an appeal in a reassessment year.

Committee Member Fish stated that citizens would not be happy if their taxes increased, because a citizen might not think that his/her house went up in value as assessed by the County. By then, it would be too late to appeal it.

Mr. Baggett stated that it would be too late by then for this year, but the citizen would still have next year to appeal it. If a property owner looked at the notice and felt that his/her property was not worth the amount on the notice, it would be time to appeal. It would not be a time to wait until his/her tax bill was sent out. It would be prudent to send in the appeal for processing and review by the Assessor's Office. Since Thursday, there have been 113 appeals turned in to the Assessor's Office. That number is low for three working days. When citizens call and find out that the cap value is actually the

taxable value, the argument disappears. There would be no need to argue a cap number, which is already below what a property owner's property is worth. Even if the market value is changed, the cap number would not change, so taxes would remain the same. The net affect would be no change after the appeal. The market may be reduced, but if the cap number is the same, the same taxes would be paid.

Mr. Baggett continued and stated that in a typical year, notices are sent out in February or March, and the County's appeal period is over in June/July prior to the budget hearings. The County already had a firm number, and this was an exception within the last 20 years. This problem never really existed before. With this being a non-typical year, the County felt 90 days to be plenty of time for citizens to appeal. When citizens do call, and the two figures are explained, citizens are actually thanking the County. Citizens are not angry. Citizens have expressed their concerns, but once they find out answers, they pretty well accept the explanation and move on.

In conclusion, Mr. Baggett stated that citizens could go to the Berkeley County Website (www.berkeleycountysc.gov), and it would explain every facet of the reassessment. If there were any questions beyond that, the Assessor's telephone number is on the website, and citizens can call the office.

Committee Member Callanan stated that he did not want the Assessor's Office burdened by citizens. If members of the press in attendance this night could actually explain that a property owner would have his/her assessed value and then have the cap value. The cap value is what would be taxed. If a citizen felt that the cap value was too high, then he/she would have an argument, but if a citizen felt that the cap value was below what the market price was, which I think is the case in most situations, then a citizen would really not be interested in appealing it.

Mr. Baggett stated that Committee Member Callanan's explanation was very well stated.

Committee Member Farley questioned the length of time before a citizen appealing received an appointment.

Mr. Baggett responded that if an appeal was filed today, the field work would begin on Thursday. A representative from the Assessor's Office would actually visit the property prior to setting up a conference with the property owner. The Assessor's Office would want to be sure that its information was correct, before the property owner was burdened with coming into the office. After the field check, a decision would be made whether or not there actually was a problem. If there was a problem, a letter would be sent to the property owner, and the problem would be resolved. The appeal would then be over. If the appeal was not over at that point, then the property owner would have 30 days to set a conference date.

Supervisor Daniel Davis stated that because of the reassessment and the need to have the appeals process exhausted, set values and open the books with correct tax bills, the books would be delayed in opening this year until November 1st. That would be

approximately one and one-half week later than last year. The County did want to make sure that when the books were open, all or as many errors as possible would be corrected and eliminated. Tax notices would be mailed out in mid-October, as the appeals process would be completed by then.

Committee Member Call stated that someone would have to make up the difference who did not meet the cap.

Mr. Baggett stated that the ATI (Assessable Transfer of Interest) was discussed with the Committee at a prior meeting. There were approximately 72,000 – 73,000 notices mailed in July. There are about 90,000 parcels total in the County, including mobile homes. There are approximately 18,000 parcels not exceeding \$1,000 over last year's value. Many of those were mobile homes, and things of that nature, that just did not see the increase as other homes did. There were properties which sold in the last two years (2007 and 2008) that would not be capped. That would be, roughly, 15 to 20 percent of the properties County-wide that would not be capped. There were parcels that did not increase and those that increased approximately 15 percent. There were those not capped that increased to whatever the market value was, and those ranked anywhere from 15 to several that were 100 percent. New construction was exempt from the rollback millage formula, which would be anything not taxed last year. The growth issue was only for those items not taxed previously. If a house was built in 2008, it was not taxed in 2008, so that home would be considered growth. If the house was sold in 2008, but it was taxed in 2008, the cap was removed, as it was not growth, but rather a change in assessment due to an ATI. Growth in assessments was down approximately half of what was estimated by the County for 2009.

Committee Member Callanan stated that if in non-assessment years, when there was an ATI, there would be no rollback.

Mr. Baggett stated that to be correct. Mr. Baggett continued and stated that in reassessment years, every property in the County must be reassessed. In the reassessment years, the millage must be rolled back to match last year's revenue. If the assessments were 10 percent over the prior year, minus growth, then the millage must be reduced to equal last year's revenue. Exception to the rollback millage would be growth in new construction.

Committee Member Call questioned the appeal process if it continued on to the Tax Assessment Review Board.

Mr. Baggett responded that after a property owner appealed and common ground cannot be reached between the property owner and the County after all efforts are exhausted, the property owner has a right to carry his/her appeal to a seven-member board. The board is made up of property owners throughout the County. That board will hear the property owner's case, and the County would present its case. The board, the Tax Assessment Review Board, would then decide what the new number would be.

Committee Member Call questioned if this was the board o which County Council appointed members.

Mr. Baggett responded that to be correct. In addition, if either party is not pleased with the decision of the Tax Assessment Review Board, an appeal can be filed with the ALJ, an appellate judge in Columbia, which has happened in the past.

The motion passed by unanimous voice vote of the Committee.

3. Bill No. 09-25, an **ordinance** to **amend Ordinance No. 08-06-43**, adopted June 23, 2008, to provide for **Supplemental Appropriations** and allocations thereof within the 2008-2009 Budget for Berkeley County; and other matters relating thereto.

It was moved by Committee Member Callanan and seconded by Committee Member Fish to **approve** review, prior to **Third Reading**, of **Bill No. 09-25**. The motion passed by unanimous voice vote of the Committee.

It was moved by Committee Member Steve Davis and seconded by Committee Member Callanan to **adjourn** the meeting of the Committee on Finance. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 8:05 p.m.

August 24, 2009
Date Approved

FINANCE

(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, District No. 6

Members: Mr. Phillip Farley, District No. 1
Mr. Timothy J. Callanan, District No. 2
Mr. Robert O. Call, Jr., District No. 3
Mrs. Cathy S. Davis, District No. 4
Mr. Dennis L. Fish, District No. 5
Mr. Caldwell Pinckney, Jr., District No. 7
Mr. Steve C. Davis, District No. 8
Mr. Daniel W. Davis, Supervisor, ex officio

A **meeting** of the **COMMITTEE ON FINANCE**, Standing Committee of Berkeley County Council will be held on **Monday July 27, 2009**, following the meetings of the Committees on Community Services and Justice and Public Safety at **6:00 p.m.**, in the Assembly Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

AGENDA

APPROVAL OF MINUTES:

June 08, 2009
June 22, 2009
June 29, 2009

EXECUTIVE SESSION to discuss matters relating to the discussion of employment, appointment, compensation, promotion, demotion, discipline, or release of an employee, a student, or a person regulated by a public body and the receipt of legal advice where the legal advice relates to a pending, threatened, or potential claim and other matters covered by the attorney-client privilege.

A. Consideration of the following:

- 1. Resolution** establishing certain measures to cut costs and reduce expenditures.
- 2. Resolution** amending **Resolution R 08-09** providing for the distribution of certain Fees-in Lieu of property taxes received from industries located in the Mount Holly Commerce Park.

B. Consideration prior to **First Reading** of an Ordinance to amend Ordinance No. 09-06-31 providing for the fiscal year beginning **July 1, 2009, and ending June 30, 2010**, for the **Sangaree Special Tax District** operational budget; and to provide for the expenditures of the revenues received by the Sangaree Special Tax District during the fiscal year.

C. Review prior to Third Reading of the following:

- 1. Bill No. 09-19, an ordinance** providing for the fiscal year beginning **July 1, 2009, and ending June 30, 2010**, for the **Tall Pines Special Tax District** operational budget; and to provide for the expenditures of the revenues received by the Tall Pines Special Tax District during the fiscal year.
- 2. Bill No. 09-21, an ordinance** providing appropriations for the fiscal year beginning **July 1, 2009, and ending June 30, 2010**, for **Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all county purposes; to provide for the expenditures of said taxes and other revenues coming into the county for the fiscal year.
- 3. Bill No. 09-25, an ordinance to amend Ordinance No. 08-06-43**, adopted June 23, 2008, to provide for Supplemental Appropriations and allocations thereof within the **2008-2009 Budget** for Berkeley County; and other matters relating thereto.

July 22, 2009
S/Barbara B. Austin, CCC
Clerk of County Council